

STATE OF ILLINOIS



ILLINOIS COMMERCE COMMISSION

November 17, 1997

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1949 M Street, N.W. Room 222
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: In the Matter of Federal-State Joint Board on Universal Service, Forward-looking Mechanism for High Cost Support for Non-Rural Local Exchange Carriers, CC Docket 96-45; 97-160. Ill CC Docket 97-0515.

Dear Mr. Caton:

Enclosed please find an original and eleven copies of the Illinois Commerce Commission's (ICC) request for an extension of time to file its forward-looking economic cost model. The ICC is requesting an extension from February 6, 1998 to July 15, 1998 to ensure the ICC has the time needed to develop and submit a quality model that best serves the interests of Illinois consumers.

The ICC has initiated Ill CC Docket 97-0515 to determine the appropriate model pursuant to the FCC's May 7, 1997 Order. The ICC would appreciate expedited consideration of its request so that the parties and hearing examiners may establish a detailed hearing schedule commensurate with the additional time requested.

The ICC appreciates your attention and consideration in this matter. We look forward to working with the FCC to fulfill our mutual responsibilities under the Federal Telecommunications Act of 1996 and to bring the benefits of competition to consumers.

Respectfully submitted,

A handwritten signature in cursive script, reading "Myra L. Karegianes".

Myra L. Karegianes
General Counsel

Enclosures

MLK/ja

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Mr. [illegible]
FCC

BEFORE THE FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)

Federal State Joint Board on)
Universal Service)

Forward Looking Mechanism)
for High Cost Support for)
Non-Rural LECs.)

CC Docket 96-45

CC Docket 97-160

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ILLINOIS COMMERCE COMMISSION REQUEST FOR EXTENSION OF TIME

The Illinois Commerce Commission (ICC) respectfully requests an extension of time to submit cost model(s) pursuant to paragraph 1 of the FCC's Report and Order in the above captioned docket from February 6, 1998 to July 15, 1998. In support of this request, the ICC states as follows:

Pursuant to paragraph 248 of the FCC's May 8, 1997 First Report and Order, the ICC notified the FCC by letter on August 15, 1997 that the ICC elected to use its own cost study model(s) to calculate universal support. (CC Docket 96-45, Report and Order, FCC 97-157). On October 8, 1997 the ICC opened Ill. C.C. Docket 97-0515 to initiate an investigation into forward-looking economic cost studies for non-rural local exchange carriers. A copy of the ICC's Order initiating the proceeding is attached.

The ICC's proceeding is expected to be highly contentious and complex. Numerous intervenors are also contemplated. Additionally, this proceeding is

inextricably tied with the ICC's current proceedings developing unbundled network element prices. (CC Docket 96-45, Report and Order, FCC 97-157 ¶ 251 and CC Docket 96-98 and CC Docket 96-185, Report and Order FCC 96-325 ¶ 29).

Extending the FCC deadline to file the ICC's cost study model(s) until July 15, 1998 will allow the ICC to conduct hearings and collect sufficient evidence so that the ICC may make an informed decision based on the record. Additionally, the extension will allow the ICC to coordinate its cost study model with the current proceedings to determine network element prices.

The ICC, therefore, respectfully requests an extension of the deadline for filing its cost model in the above captioned matter from February 6, 1998 to July 15, 1998.

Dated: November 17, 1997

Respectfully submitted,


Myra L. Karegianes
General Counsel

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission
On Its Own Motion

97-0515

Investigation into forward-looking economic
cost studies for non-rural local exchange
carriers

ORDER

By the Commission:

On May 8, 1997, the Federal Communications Commission (FCC) issued its First Report and Order on Universal Service (FCC 97-157). At paragraphs 248 - 250 of its Order, the FCC requested that States elect, by August 15, 1997, whether they will conduct their own forward-looking economic cost studies for purposes of determining federal support to non-rural local exchange carriers (LECs) (e.g., LECs with 100,000 access lines or more) offering service in rural, high cost and insular areas. In the event a State elects to utilize its own cost approach, the FCC has directed such State to utilize a cost approach that satisfies the list of ten FCC criteria (See ¶250 of May 8, 1997 order) and that such model be submitted to the FCC for review by February 6, 1998.

In the event a State elects not to conduct its own forward-looking cost study or conducts a study that fails to meet the FCC's criteria, the FCC would determine the forward-looking cost of providing universal service in that State using the FCC's forward-looking cost methodology.

On August 13, 1997, the Illinois Commerce Commission (Commission) notified the FCC by letter that the Commission elected to use its own cost approach. In a Staff Report dated September 26, 1997, the Commission Staff recommends that Illinois initiate a proceeding to determine whether the cost methodologies developed by the non-rural LECs in Illinois meet the FCC's criteria or whether these cost methodologies need to be modified in order to meet the criteria.

Commission staff has held workshops to address cost issues. Illinois Bell Telephone Company (Ameritech Illinois), GTE, and Sprint/Centel have each proposed a cost model to calculate universal service assistance. It is Staff's understanding that the Commission's election to utilize its own cost approach would not preclude it from

opting to utilize the FCC's cost methodology, at a later date, should the FCC's approach prove superior to the one selected in Illinois.

As indicated in the Staff Report, the affected carriers have each proposed a cost model for universal service assistance. Each carrier is directed to file its cost study in this proceeding, and the Commission Staff is directed to review each model and make recommendations to the Commission on whether the filed proposed model meets the 10 criteria established by the FCC in FCC 97-157 and what modifications might be necessary for the model to achieve compliance.

The Commission, being fully advised in the premises, is of the opinion and finds that:

- (1) the Commission has jurisdiction over the subject matter herein;
- (2) the recitals of fact set forth in the prefatory portion of this order are supported by the record and are hereby adopted as findings of fact;
- (3) a proceeding should be initiated to determine the appropriate forward-looking economic cost studies for purposes of determining federal support to non-rural LECs offering service in rural, high cost and insular areas;
- (4) Illinois Bell Telephone Company, GTE North Incorporated, GTE South Incorporated, and Sprint Communications Company L.P. d/b/a Sprint Communications L.P. are local exchange carriers with 100,000 or more access lines and should be made parties to this proceeding;
- (5) the Commission should take administrative notice of FCC 97-157, issued by the FCC on May 8, 1997;
- (6) the Staff Report dated September 26, 1997 should be filed in this docket and made a part of the record of this proceeding;

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that a proceeding be initiated to determine the appropriate forward-looking economic cost studies for purposes of determining federal support to non-rural LECs offering service in rural, high cost, and insular areas.

IT IS FURTHER ORDERED that the Commission takes administrative notice of the order FCC 97-157, issued by the Federal Communications Commission on May 8, 1997.

IT IS FURTHER ORDERED that Illinois Bell Telephone Company, GTE North Incorporated, GTE South Incorporated, and Sprint Communications Company L.P. d/b/a Sprint Communications L.P. are made parties to this proceeding.

IT IS FURTHER ORDERED that the Staff Report dated September 26, 1997 is made part of the record of this proceeding.

IT IS FURTHER ORDERED that this order is not final; it is not subject to the Administrative Review Law.

By order of the Commission this 8th day of October, 1997.

(SIGNED) DAN MILLER

Chairman

(S E A L)